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ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

Subregional Headquarters for the Caribbean

LATIN AMERICAN AND CARIBBEAN INSTITUTE FOR ECONOMIC
AND SOCIAL PLANNING



MISSION REPORT
TO THE CARIBBEAN COUNTRIES
IMPLEMENTED BY
THE JOINT ECLAC/ILPES PLANNING UNIT
FOR THE CARIBBEAN

Port of Spain
Trinidad and Tobago

September 1986

This Mission Report has not been formally edited.

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I. IDENTIFICATION OF THE MISSION

1. Origin and background

Following some recommendations of the Caribbean Development and Co-operation Committee (CDCC), a co-ordinating body within the sphere of action of the Economic Commission for Latin America and the Caribbean (ECLAC) Office in Port-of-Spain, the Latin American and Caribbean Institute for Economic and Social Planning (ILPES) decided to establish a Joint ECLAC/ILPES Planning Unit for the Caribbean in August 1985.

In connection with the above, at the VII session of the Technical Subcommittee of ILPES held in Bogotá, 20-21 January 1986, a general proposal for the Caribbean containing preliminary lines of action was submitted for the consideration of its member countries. At that meeting, provisions were made for a preparatory mission to identify priorities, agree upon mechanisms for participation and co-operation, define activities and, in general, to act on behalf of the governments in receiving suggestions, recommendations and criteria for the development of ILPES' Work Programme.

In addition to that, and after some consultations with various financial institutions in Washington, the Director General of ILPES took the decision of setting up the mission which is the concern of the present report.

2. Composition of the mission

The mission was headed by Mr. Edgar Ortegón, Co-ordinator of the Joint ECLAC/ILPES Planning Unit for the Caribbean and included Mr. Fernando Cardoso Pedrao, Consultant to ILPES and Mr. Terry Somersall,

Economist from the Inter-Agency Resident Mission (IARM) for the LDCs of the Eastern Caribbean.--

3. Duration

The mission started its work in Port-of-Spain on 29 June and finalized its activities on 2 August 1986.

Messrs. Ortégón and Pedrao made a trip to Santiago, Chile, in order to have a debriefing meeting and to discuss the final report of the mission and its possible follow-up.

4. Countries visited

The mission carried out its work in the following countries:

- (a) Antigua and Barbuda (St. John's);
- (b) Barbados (Bridgetown);
- (c) Grenada (St. George's)
- (d) Guyana (Georgetown);
- (e) Jamaica (Kingston);
- (f) Saint Christopher/Nevis (Basseterre);
- (g) Saint Lucia (Castries);
- (h) Trinidad and Tobago (Port-of-Spain).

It is relevant to mention that because the headquarters of many subregional and international institutions are located in Antigua, Barbados, Guyana and Trinidad, the mission decided to spend more time in those countries.

5. List of persons met

According to the objectives of the mission, the different persons met were selected from among the following institutions:

- (a) The Ministry of Finance and Planning;
- (b) The Director of the Planning Unit in each country;
- (c) Main offices of intergovernmental multilateral or bilateral agencies;
- (d) The Resident Representative of United Nations Development Programme (UNDP);

- (e) The Representative of the Inter-American Development Bank (IADB);
 - (f) Some representatives of the private sector;
 - (g) Permanent Secretaries at the sectoral level;
 - (h) The Representative of the United States Agency for International Development (USAID); and
 - (i) The Representative of the European Economic Community (EEC).
- (See Annex with list of persons met).

6. Agenda adopted during the interviews

In general, the discussions covered the following main areas:

- (a) Brief summary of ILPES' role in the region;
- (b) Basic questions concerning the objectives of the mission;
- (c) HOW, WHERE and WITH WHOM, can ILPES make a meaningful contribution to the Caribbean countries avoiding duplication of efforts and resources;
- (d) How can ILPES contribute to forge closer links among the Latin American and Caribbean countries; and
- (e) In what areas can ILPES contribute positively to the national and regional efforts.

II. DEVELOPMENT OF THE MISSION ACCORDING TO THE OBJECTIVES ORIGINALLY ESTABLISHED

1. Critical, economic and social problems present in the subregion

The Caribbean area is, perhaps in relation to its geographical size, the most diversified and fragmented zone in the world. The region consists of, for the most part, small or very small islands with varying physical characteristics ranging from mountainous volcanic cones with lush tropical rain forests, to flat coral and limestone cays with arid, barren and sandy soils. The islands are characterized by differences in the degree of their domestic political autonomy, their respective levels of economic development,

their systems of public administration and law, and the importance they attach to social and economic planning as an instrument in national economic management. Governments range from leftwing socialist to rightwing conservative.

Political systems run the full gamut from British crown colonies to constitutional monarchies and independent republics. Economies vary from oil-rich to dirt-poor, from state-run economic systems to wealthy tax havens. Cultures and skin colours vary just as remarkably. There are five different ethnic groups of people in these islands; different languages are spoken, different religions are practised, and different systems of education and social customs prevail.

In spite of this fragmentation and diversity, there is a basic unity in the region. This unity runs not only in terms of an underlying Caribbean identity born of the common experiences of many centuries of political and economic colonialism, the plantation system, slavery and indenture, but more fundamentally, in terms of an identity of interests. Until recently, the peoples of the Caribbean never fully grasped that they had common interests; they had no vision of a shared destiny. In general, they failed to co-operate sufficiently or effectively. They pursued competitive rather than complementary strategies for development, and were unable to see the need for pooling their resources and forming a common front in their economic relations with the outside world.

The reasons for this lie deep in the history of the region - a region which has been subjected to domination by foreign powers for much longer than any other part of the developing world. All of the Caribbean countries were founded originally as colonies and built up as extensions of the metropolis. This led to the development of closer economic ties with external metropolitan centres, than with the other Caribbean countries - whether one thinks in terms of trade and investment flows, linkages in production and consumption, or even in physical communications. The Caribbean colonies were developed centuries ago as sugar monocultures, with the individual sugar plantations owned and controlled by some metropolitan parent with which it had much closer economic relations than with the other sugar plantations on the same island. And, furthermore, individual sugar plantations competed vigorously with each other for favours in the form of preferences in metropolitan markets.

Thus, the historical pattern of Caribbean economy has been sugar monoculture for export, the importation of virtually all requirements for domestic use, in particular food; external ownership and control of Caribbean resources; a marked absence of domestic intra-industry and inter-sectoral linkages; and a highly competitive rather than complementary approach to economic development in the region. This historical pattern persists today as all too often, the individual Caribbean territories still compete with each other for metropolitan aid, for metropolitan private investment, for metropolitan technical assistance, for metropolitan tourists, for metropolitan markets and even sometimes in wooing metropolitan airlines.

This pattern of dependent underdevelopment has not been without some benefit, for today, the countries of the Caribbean are not among the poorest in the world. One does not see, to the same extent in the Commonwealth Caribbean, the abysmal depths of poverty as are to be seen in many countries of Africa, Asia and pockets of Latin America. Nevertheless, much poverty remains in the region and many severe economic problems persist, including endemic unemployment and under-employment (especially among the young); gross inequalities in the distribution of income and wealth (including large gaps in income between the aristocracy of unionized labour on the one hand, and the under-employed and rural population on the other hand); an under-developed agriculture (especially producing food and high and rising imports of food; insufficient exploitation and use of domestic and regional raw materials and other inputs for industry; lack of linkages between the different production sectors in each country and between the different countries of the region; a dependence on preferential treatment in metropolitan markets for staple agricultural exports, particularly sugar, bananas and citrus; and a heavy reliance on external aid and foreign private capital.

In the very small mini-states of the OECS, these problems are exacerbated by the very small size of the domestic market, an absence of domestic savings, and recession - induced reductions in the availability of concessionary finance, burgeoning external public debt

(now 35 per cent of Gross Domestic Product (GDP)), and an acute shortage of trained manpower and other human resources for the national reconstruction effort.

III. ISSUES RELATED TO POSSIBLE DEVELOPMENT STRATEGIES

The assessment of the economic and social situation of the Caribbean countries leads to stress some issues to be considered in economic and social policy discussions. These are the following:

1. Agriculture and the production for consumption and export

Declining production in some countries, idle lands in others and unfavourable conditions for small farms in most of them, underlines the need for a more systematic questioning of the overall possibilities for agricultural development in the Caribbean. Soil and water conditions and market prospects on the one hand, and the operational conditions of the small and medium size farms on the other hand, compose a picture of agricultural production, that shall be matched against the prevailing marketing conditions. Agricultural problems range from the consequences of monoculture - to the erosion of competitiveness; and deserve a special sectoral analysis.

2. Export prospects at extra and intraregional levels

Export expansion is viewed by all Caribbean countries as a fundamental objective of public policy.

3. Tourism meaning and economic linkages

Most governments face daily difficulties in some fields that shall be indicated:

(a) Monitoring and evaluation of public enterprises on their performance and in their social effects. New techniques and experiences of Latin American countries can be made available for Caribbean countries.

(b) The services market

Several Caribbean countries have expanded their services sector in fields such as banking, insurance and other components of financial areas which already have a meaningful effect on their economies and might come out as a strong help for trade expansion.

(c) Transport

Transport and communications is an essential sector that comprehends the support for extraregional trade - the improvements of connections within the region and urban transport services for most countries. It has been a major bottleneck for development to be taken as a priority.

5. International economic relations

External trade shall always be essential to the Caribbean countries. Some aspects of the external economy may be emphasized, like the trends on the prices of the main commodities, the relative positions of the Caribbean countries in the market for those commodities and the assumptions and conditions in which external policy is made. Much attention shall be given to those points, and to the sensitivity of national economies to external relations movements.

6. The financial setting

Financing the national economies is the key question underlining all the former. It shall be taken at the levels of budget financing, of external rates of interests and of financial effects on indebtedness. Essentially it sets up the real conditions for any additional efforts for development. And special attention shall be given to the financial implications of projects and of public sector expansion in connection with specific projects.

7. The social background of
economic policy

The social issue shall be taken as reflected on employment and average family income, as well as on health and education. The social results of the economic policies shall be seen as an essential reference

for co-ordinating short and long run policies, as well as the emphasis on different aspects of agricultural and industrial growth.

IV. THE CONSTRAINTS AND POSSIBILITIES FOR INCREASING CO-OPERATION BETWEEN LATIN AMERICA AND THE COUNTRIES OF THE ENGLISH-SPEAKING CARIBBEAN

Prior to independence, economic, political and cultural contact between the countries of the English-speaking Caribbean and Latin America were minimal; the Caribbean was like an enclave into itself. With the attainment of independence however, the barriers are coming down. Already most independent members of the Caribbean Community (CARICOM) are members of the Organization of American States, the Inter-American Development Bank, and the Latin American Economic System, all of which aim at the goal for closer economic co-operation between Latin America and the Caribbean countries. All of the independent countries in the Caribbean are included in the Latin American region of the United Nations System and are therefore members of the United Nations Economic Commission for Latin America and the Caribbean. All the Caribbean countries participate in the work of ECLAC's subgroup, the Caribbean Development and Co-operation Committee (CDCC) and are also members of the recently formed Caribbean Group for Co-operation in Economic Development.

In addition, several of the non-English-speaking Caribbean countries are now showing an increased interest in the English-speaking countries and their associated institutions. Haiti and Suriname have already formally applied for membership in the Caribbean Common Market (CCM), and it is likely that the Dominican Republic and the Netherlands Antilles will follow their lead. Venezuela, Colombia and Mexico have joined the Caribbean Development Bank (CDB) as regional members with very limited rights to borrow. Mexico has already concluded an Economic and Technical Co-operation Agreement with the Caribbean Community, Venezuela has negotiated a number of bilateral co-operation agreements with the Caribbean countries, and both Brasil and Argentina are following suit.

When dealing with Latin America, the Caribbean countries face sharply the problem of negotiating balanced arrangements with states of a much larger physical and economic size. And this is made especially difficult when the existing level of economic relations between them is so minimal.

With regard to trade relations, on the basis of data for the latest available year, imports of crude petroleum and petroleum products accounted for more than 90 per cent of MDCs imports from Latin America. In all of the MDCs imports from Latin America, except for petroleum and petroleum products, account for no more than 3 per cent of total imports. The situation in the LDCs is not significantly different. What is more, imports other than petroleum are in a very limited range of foodstuffs and raw materials. Among these are meat from Argentina, Uruguay, and sometimes Brasil, timber from Nicaragua and Honduras, beans from Chile and Mexico, animal feeds from Argentina and leather from Uruguay. Imports of manufactures are insignificant. These consist mainly of occasional purchases of machinery and transport equipment from Venezuela, cement from Colombia and Cuba, manufactures of silver from Mexico and cotton yarn and thread from Colombia.

On the export side, Guyana and Jamaica have been selling small quantities of bauxite to Argentina, Colombia, Mexico and Brasil. Trinidad and Tobago, however, is the main exporter, selling petroleum products to Brasil, Chile and Central America, as well as small quantities of ammonium sulphate and clothing to Central America and Venezuela, respectively. But even in the case of Trinidad and Tobago, exports to Latin America account for less than 5 per cent of total exports.

This relatively low level of trade between the Caribbean Community and Latin America stems in part from competing production in the two regions in both primary products and light manufactures. This has been accentuated by the preferential arrangements which have traditionally linked the economies of the Caribbean countries with their European metropolises and by the trade barriers on both sides involving high tariffs and sizeable non-tariff barriers.

Even if the preferential agreements associated with these relationships had been based on some historical comparative advantage, this has now largely disappeared. While these arrangements undoubtedly enable the factors of production engaged in the favoured industries to earn higher rewards than they would otherwise obtain, they tend to perpetuate a pattern of resource use which inhibits the economy from making needed structural adjustments. More importantly, they inhibit co-operation both within the Caribbean Area and between the Caribbean and Latin America.

The situation is aggravated by trade barriers on both sides which are not easy to remove. But even if trade restrictions were dismantled, further problems would beset Caribbean-Latin American trade in the short run. In the first place, there would be the usual problems involved in breaking into a new market with different specifications and tastes. A tremendous promotional campaign would be called for.

Secondly, high transport costs and in some cases an absence of transport facilities would severely hamper the flow of trade. For example, communications with the Pacific Coast, in proximity to which most of the large Central American consuming centres are located, are relatively underdeveloped. In South America, even Guyana which borders on Brasil is virtually cut off through lack of transportation facilities from the large consuming centres in the South of that country. The markets of Argentina, Paraguay, and Uruguay are similarly inaccessible. The transport problem also affects the pace of economic integration on the mainland and this can be solved in the long run only by massive infrastructural investment by the countries concerned.

It must be stressed however, that the full potential for trade between the Caribbean and Latin America cannot be realized merely by removing tariff barriers and improving transport and communication facilities. This can be done only through a deliberate process of planning aimed at exploiting in a rational way, the complementary resources of the two areas.

A multiregional planning effort is required because the structural integration of Latin America and the Caribbean is influenced by an important institutional factor, the predominant role of multinational corporations in hemispheric economic activity.

In the past century, multinational corporations have emerged to link the Caribbean and Latin American economies firmly, and in a dynamic manner, with the metropolitan economies, especially with that of the United States. The operations of these corporations stultify and actually conceal certain existing economic relationships between the Caribbean and Latin America. We have already alluded to the low volume and narrow range of trade between the two regions. But what is not brought out by these figures is the extent to which the resources of each region reach the other in a more finished form via processing plants in the metropolitan centres. For example, Latin American imports the bulk of its aluminium requirements from the United States and Canada. But the United States and Canada in turn import the bulk of the raw materials needed to make aluminium from the Caribbean. That is to say, North-American based multinationals mine and treat bauxite in the Caribbean, transfer the material to processing plants in the United States and Canada, and then re-export to Latin America the finished output - aluminium metal and products made of aluminium.

By the same token, a substantial portion of Latin America's output of metal ores is exported to the United States. This is the case for Mexican iron, manganese, fluorspar, lead, zinc and asbestos; Chilean copper; Venezuelan and Mexican petroleum; Peruvian silver, copper, lead and zinc; Brazilian manganese, etc. These materials provide a significant portion of United States supplies and the bulk of United States imports of these materials from Latin America takes the form of imports by parent companies from their branches and subsidiaries in the region. To complete the picture, nearly 60 per cent of the imports of metal manufactures of the four largest CARICOM countries is supplied by the United States of America and Canada. Thus to some extent, the resources of Latin America participate in the development of the Caribbean economy through the channels of the multinational corporations and via the North American economy.

These observations indicate that there are significant economic relations between the two regions which are hidden by the operations of the multinational corporations. They suggest that the existing competitiveness of the production structures of the two regions is no

guide to their potential complementarity. And, which is most important of all, the material and commodity flows which take place are not so much between economies, as between one plant and another, within the multinational corporations, and their own marketing agencies. Thus, intra-corporate commodity flows between plants located in different countries may satisfy the formal criteria of international trade, but so far as resource allocation is concerned, the flows are of an internal character within frontiers which are institutionally and not politically defined.

V. OUTLOOK FOR TRANSFORMATION

Planning in the English-speaking Caribbean countries have generally been conceived as an activity centred in harmonizing public investments, and to measure that against the governments' financial position. That reflected on primary concern with the short-run constraints of administration, hampering and any wider consideration of longer term issues. The concern over the immediate pressures on the financing of the regular governments' expenditures stresses the management of the resources available to public administration, and hardly allows for consideration on the long run possible exhaustion of those resources.

In recent years Caribbean economies went through a gloomy prospect projected by declining prices of some of its major exports, only partially compensated by some favourable results on tourism and modern industry. The financial fragility of the East Caribbean Governments led to a situation in which public capital expenditure comes, almost entirely, from soft and even non-reimbursable loans. The simple effort of holding together the public accounts and basic expenditure absorbed most of the possible efforts of the governments' employment has been one delicate problem to face in the whole Caribbean; and most countries shall have to live with high rates of unemployment. Most indications point out to restricted growth in the next few years, whereas to greater efforts towards modernization that comes either under the form of agricultural substitution, or of new uses of land in some countries; through new industries of higher technological stand; or through the expansion of new segments of traditional sectors, as in the case of tourism, or even in trade.

The difficulties encountered in the way of integration - in whichever form it may be conceived, indicate that the dominant restriction of internal market shall last as a major consumption of economic policy, demanding alternative solutions encompassing public and private capital formation, new plant, adequate plant scope and productivity for competing in the external market and, most of all, presuming quick advances in labour productivity. Those changes do not seem easy to achieve because (a) the performance of the economy do not show capital formation enough to support this process; and (b) such changes presume outstanding international conditions in prices and markets on which forecast is not reliable. The reckoning of this situation reflects on the financial picture, through banking and foreign funding. Most foreign financing comes as growth. The governments of the bigger countries experience persistent difficulties to cope with short-term obligations in the smaller countries border deficit at current accounts level.

Those reasons avail expectations that economic policy could concentrate in pivotal areas, that is, that short-term economic policy could better absorb the restrictions imposed by longer duration conditions.

One may consider that a short-term policy might benefit from a broader evaluation of the prospects for agriculture and trade, as well as from an assessment of the best suited commodities for the region. This requires a development policy with broader considerations of the role that technical assistance may play in the region. It is clear that unless such an exercise can be performed the technical co-operation tends to fragment and lose a substantial part of its potential use for the development of the countries.

VI. THE POTENTIAL ROLE OF ILPES

a) Background

Since its creation in June 1962 ILPES has been conceived as an autonomous and permanent organization, linked with the ECLAC System. Later, with the establishment of the Caribbean Development and Co-operation Committee (CDCC) at the sixteenth session of ECLAC, held in Trinidad and Tobago in 1975, ILPES broadened the scope of its activities

in the Caribbean Area. Basically, its programme of work covers four main technical areas: Economic Planning and Policy, Public Sector Programming and Projects; Social Programmes and Policies; and Regional Planning and Policies. These four central priority areas are carried out by the Direction of Advisory Services Programme, the Direction of Training Programmes and the Direction of Research Programmes. Within that framework the activities include the harmonization of decision-making in the short, medium and long term; the design and evaluation of economic and social policies; the incorporation of fundamental topics into national development plans; the management of national economies; the establishment of a sound macroeconomic policy framework and the running of national and regional courses in close collaboration with different institutions. The purpose of the courses is to complement the technical training of young professionals, increasing their qualifications for the conception, design and execution of public policies and, in particular, developing their capacity to integrate them coherently with the national aims in the economic, social and political spheres.

In terms of horizontal technical co-operation, following a resolution of the Conference of Ministers and Heads of Planning of the region (Caracas, April 1977) ILPES was appointed Technical Secretary of the System of Co-operation and Co-ordination among Planning Bodies of Latin America and the Caribbean (SCCOPALC), ratified by resolution 371, seventeenth session of ECLAC, May 1977.

Bearing in mind the above background ILPES has worked with ECLAC Office for the Caribbean in the performance of different activities. Among others, it is note worthy to mention the following:

- i) Organize the first, second and third meetings of Caribbean Planning Officials (Havana 1979; Kingston 1980; Port-of-Spain 1983);
- ii) Sponsor three different surveys of National Planning Systems in the Caribbean (Noel Boissiere 1980; ILPES 1983; Swinburne Lestrade 1985).
- iii) Sponsor the survey on "Training Needs for Planning Officials in the Eastern Caribbean" (George Reid 1982);

iv) Sponsor the Study on "The Relationship between Physical, Regional and National Planning: the Jamaican Situation" (Omar Davies 1981);

v) Sponsor the Study on "Six Problems of Development Planning in the Caribbean (Trevor Farrel 1982);

vi) Sponsor the survey on "The Basic Situation in Manpower Planning in Caribbean Countries" (Ralph Henry 1981);

vii) Organize the subregional course on Development Planning (Grenada September 1981);

viii) Co-operate in the holding of the First Special Meeting of Experts to discuss the activities carried out by the six working groups established during the meeting at Kingston. These groups are concerned with the following sectors: Transport, Agriculture, Energy, Manpower Planning, Physical and Regional Planning, Training in the Methodology and Technique of Development Planning (Barbados 1980).

ix) Participate in the last seven technical and ministerial meetings of the CDCC (Habana 1975, Belize 1978, Suriname 1979, Jamaica 1980, Haiti 1984, Grenada 1982, Port-of-Spain 1985).

x) Provide advisory services on different topics to the Governments of The Dominican Republic, Haiti, Belize, Guyana and Jamaica;

xi) Publish ten issues of the Planning Bulletin as the basic communication medium among Caribbean planners;

xii) Co-sponsor the "High Level Seminar on National Economic Management Issues in the Caribbean" in collaboration with EDI - World Bank/ILPES/IARM/Caribbean Development Bank, Barbados, February 1984;

xiii) Co-sponsor the "Economic Policy Analysis Course" carried out conjointly with EDI/World Bank and the financial support of the Caribbean Development Bank (Barbados September 1985);

xiv) Co-sponsor the course on "Public Sector Investment Programming" conjointly organized by CDB/EDI-World Bank/ILPES (Barbados, 13 to 24 October 1986);

xv) To collaborate with the design and implementation of the Information for Planning - INFOPLAN project.

xvi) To draft the document: "Towards a New Planning Approach in the Small Caribbean States" (January 1986);

xvii) To distribute the paper "An Alternative Model for Reactivation Policies" (ILPES 1986);

xviii) To prepare a paper on "Practical Aspects of International Investment in the Industry of Island Countries". International Seminar on Island Economies. UNCTAD/INSTITUT D'ETUDES INTERNATIONALES ET DES PAYS EN DEVELOPPEMENT/UNIVERSITE DES SCIENCES SOCIALES DE TOULOUSE (Martinique 27-28 October 1986);

xix) To collaborate with ECLAC Subregional Headquarters for the Caribbean in the implementation of the CDCC Work Programme;

xx) To facilitate and to promote the exchange of experiences between Latin America and the Caribbean;

xxi) To disseminate among the Caribbean Planning Units relevant information about economic and social planning;

xxii) To promote the implementation of the "First Seminar-Workshop on Science and Technology Planning for the Caribbean", scheduled tentatively for April 1987.

Since the establishment of the Joint ECLAC/ILPES Planning Unit for the Caribbean in Port-of-Spain (August 1985) it was recognized that ILPES has expanded and widened its presence in the Caribbean area through advisory services, research and training activities. In this regard, the creation of the Unit has promoted closer links with the Caribbean countries and fostered technical contacts with the different subregional agencies and institutions. However, in order to continue performing a meaningful role it is fundamental to obtain additional financial resources. This point was stressed and explicitly mentioned by almost all the persons interviewed. They stated that the priorities have already been identified but, what is needed now is implementation of concrete actions and a demonstration of readiness to help or to deliver the appropriate assistance.

b) Prospects for Horizontal Co-operation

Bearing in mind the specific structural characteristics of the Caribbean countries, and taking into consideration the few practical exchange of experiences between them and the Latin countries, there is a general feeling that the discussion on horizontal co-operation is exhausted. A further step should be concentrated around the following lines:

- a) To identify on a country-by-country basis concrete experiences in order to satisfy specific needs;
- b) To facilitate the appropriate contacts between the donor and recipient countries and to implement the respective activities;
- c) In the middle of the above two actions, there are always some financial implications that in most cases constitute a serious limitation that has to be resolved in advance.

Under the present circumstances, ILPES does not have the staff or the resources for carrying out such activities. It demands a considerable effort and a minimum operational capacity that surpasses by far its present size. The implementation of the proposed programme of activities will depend on the acquisition of additional resources. The programme of technical co-operation should concentrate on certain high priority areas departing from some countries with appropriate conditions to exchange the experiences (Brazil, Colombia, Venezuela, Mexico and Argentina).

The possible role of ILPES as conveyor or facilitator depends on the kind of arrangement that could be established with universities, technical institutions, research centres, public enterprises, subregional organizations and multilateral agencies for sharing their expertise and knowledge. This involves a regular process of consultation with specific agreements in which ILPES may give substantial contribution. Otherwise, the whole exercise may be frustrated or reduced to random promotion.

VII. SUGGESTIONS FOR THE POSSIBLE WORK PROGRAMME
OF ILPES IN THE CARIBBEAN

Departing from the different appointments and suggestions received in the countries a meaningful work programme should include the following ideas:

- (a) Highly selective in order to cover those areas already left by some other institutions and with high priority for the governments;
- (b) Well balanced in order to assist the smaller countries in those critical areas but at the same time assisting the larger countries with some specific tasks;
- (c) To combine advisory services and on-the-job training activities in order to maximize the resources and the absorptive capacity of the countries;
- (d) In terms of research most of the countries emphasized practical action-oriented approach instead of a theoretical one. In particular, the research should be linked to those problems hindering the expansion of the economy and the full advantage of their location and resources;
- (e) In the field of horizontal co-operation there are a lot of opportunities for establishing closer links between Latin America and the Caribbean. The East Caribbean Countries showed a better disposition to exchange experiences and to benefit from the results obtained in other countries in different fields.

VIII. SUMMARY

THE FOLLOWING AREAS WERE MENTIONED AS THE CORE OF THE FUTURE WORK PROGRAMME:

ECONOMIC AND SOCIAL MANAGEMENT:

- (I) TO MANAGE THE SYSTEM OF INCENTIVES FOR INVESTMENT, PRODUCTION AND CONSUMPTION;
- (II) TO IMPROVE THE EFFICIENCY OF PUBLIC SECTOR ENTERPRISES;
- (III) TO FORMULATE AND IMPLEMENT PUBLIC SECTOR INVESTMENT PROGRAMMES;
- (IV) TO APPRAISE AND TO MONITOR MAJOR PUBLIC SECTOR PROJECTS;
- (V) TO SET OUT GLOBAL CONGRUENCE OF POLICY INSTRUMENTS (FISCAL, MONETARY, TRADE);
- (VI) TO STRENGTHEN LINKS BETWEEN PLANNING AND BUDGETING;
- (VII) PROJECT IDENTIFICATION, PROJECT MONITORING AND PROJECT MANAGEMENT;
- (VIII) DESIGN AND IMPLEMENTATION OF SOCIAL AND ECONOMIC INTER-LINKAGES OF THE TOURISM SECTOR WITH THE REST OF THE ECONOMY, (ENSURING COMPETITIVENESS AND COMBATING ENVIRONMENTAL NEGATIVE EFFECTS);
- (IX) ANALYSIS OF THE PRESENT TRANSPORT NETWORKS, CONSTRAINTS AND ITS ALTERNATIVES. (MARITIME, AIR);
- (X) PROSPECTS AND NEW ALTERNATIVES FOR THE AGRICULTURAL SECTOR; PRODUCT DIVERSIFICATION; ECONOMY OF THE SMALL FARMS; MARKETING AND FOOD PRODUCTION; FOOD TECHNOLOGY; SELF-SUFFICIENCY IN FOOD;
- (XI) BIOTECHNOLOGY: CRITICAL ASSESSMENT OF THE BASIC ELEMENTS CONDITIONING THE TRANSFER AND INCORPORATION OF TECHNOLOGY AND ITS IMPLICATIONS;
- (XII) TRADE PROMOTION: ARTICULATION OF POLICY INSTRUMENTS; MARKET OPPORTUNITIES STUDIES; HARMONIZATION OF TRADE MECHANISMS;
- (XIII) INFORMATION FOR PLANNING: BASIC INDICATORS; DATA BANKS; DISSEMINATION;

- (XIV) FINANCIAL ASPECTS OF DEVELOPMENT; THE DEBT SITUATION; PROSPECTS AND SHORT-TERM SCENARIOS; THE ADJUSTMENT AND FUTURE PROSPECTS;
- (XV) PHYSICAL AND SPATIAL PLANNING; MANAGEMENT OF THE URBANIZATION PROCESS AND RURAL-URBAN INTER-LINKAGES;
- (XVI) SOCIAL PLANNING; EMPLOYMENT SITUATION; IMPLEMENTATION OF EMERGENCY PLANS TO MEET BASIC NEEDS OF THE POPULATION; POLICIES TO ALLEVIATE EXTREME POVERTY;
- (XVII) SCIENCE AND TECHNOLOGY PLANNING AIMED AT RESOLVING LOCAL PROBLEMS AND LINKING THE AVAILABLE INFRASTRUCTURES WITH THE PRODUCTIVE AND SERVICES SECTORS.

ACCORDING TO THE ABOVE SUMMARY OF SUGGESTIONS AND GIVEN THE PURPOSE OF THIS REPORT, THE SPECIFIC IDENTIFICATION OF NEEDS AT THE NATIONAL AND SUBREGIONAL LEVELS WILL BE SPECIFIED IN ANOTHER DOCUMENT AS THE MAIN BASIS FOR DRAFTING A CONCRETE PROJECT PROPOSAL.

IX. FOLLOW-UP

The next steps in order to implement the activities identified by the different governments and persons are as follows:

First, to initiate in the immediate future consultations with some financial institutions.

Second, to explore the possibilities of obtaining extrabudgetary assistance through the existing bilateral and multilateral agencies.

Third, to promote a wider discussion within the ECLAC System and to induce according to the possibilities the transfer of some additional resources.

Fourth, to maintain a permanent contact with governments and subregional institutions to procure North-South and South-South relations and co-operation around the priorities, issues and needs identified by the Mission.

Fifth, to incorporate and to provide orientation to the Work Programme of the Joint ECLAC/ILPES Planning Unit for the Caribbean. This Mission report constitutes the basic guidelines for the future plan of action in the subregion.

X. FINAL COMMENTS

The Caribbean countries can benefit a lot from ILPES' previous work in Latin America. However, given the specific characteristics of the subregion, its possible future plan of action demands a completely different conceptual, operational and methodological approach.

Conceptual in the sense that needs to adapt the traditional dirigiste or comprehensive style towards one more pragmatic, about the managing of national resources and about the role of prices, private sector and foreign investment.

Operational in the sense that the design of public policies need to stress rather than the level of sophistication the interministerial co-ordination, the full account of scarcity and costs and on designing appropriate public investment programmes.

Finally, methodological in the sense of introducing a greater level of selectivity, flexibility and concentration of efforts at sectoral level rather than at the central level.

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